

BEFORE THE CALIFORNIA STATE BOARD OF EQUALIZATION
450 N STREET
SACRAMENTO, CALIFORNIA

REPORTER'S TRANSCRIPT
FEBRUARY 1, 2007

J1 UPDATE AND OVERVIEW OF
THE BOARD OF EQUALIZATION
RULES FOR TAX APPEALS

Reported by: Juli Price Jackson
No. CSR 5214

P R E S E N T

For the Board
of Equalization:

Betty Yee
Chair

Judy Chu
Vice-Chair

Bill Leonard
Member

Michelle Steel
Member

Marcy Jo Mandel
Appearing for John
Chiang, State Controller
(per Government Code
Section 7.9)

Gary Evans
Acting Chief, Board
Proceedings Division

Robert Lambert
Acting Assistant Chief
Counsel

David Gau
Deputy Director
Property and Special
Taxes Department

---oOo---

1 450 N STREET
2 SACRAMENTO, CALIFORNIA
3 FEBRUARY 1, 2007

4 ---oOo---

5 MR. EVANS: J1, Update and Overview of the
6 Board of Equalization's Rules for Tax Appeals.

7 Mr. Lambert will make the presentation.

8 MS. YEE: Thank you.

9 MR. LAMBERT: Good afternoon. It's late in the
10 day. I'll be brief.

11 Madam Chair, Members of the Board, staff is
12 here to present a brief overview and status report of
13 the project to replace the Board's prior Rules of
14 Practice with revised, updated and more user friendly
15 Rules of Tax Appeals.

16 On November 21st, 2006, Board staff presented
17 all five chapters of the Rules for the Board's
18 authorization to begin the formal rulemaking process.

19 The Board authorized staff to begin the formal
20 rulemaking process for four of the five chapters but
21 deferred consideration of Chapter 3, Property Taxes,
22 until after the staff presented a status report on the
23 2006 State Assessee Appeals conferences, which we have
24 now presented to you.

25 Just to briefly highlight some of the
26 differences between the prior Rules of Appeals and the
27 present -- the proposed Rules of Appeals, the new rules
28 are organized by tax in chronological order for easy

1 access. So, you don't have to be Peter Michaels to
2 understand all of the arcane rules of procedure at the
3 Board here. So, the novice appellant can easily see
4 what the process is.

5 The new rules address all Board's -- all of the
6 Board's tax and fee programs. It improves the
7 procedural uniformity among the programs, such as, by
8 providing for Appeals Division review of all appeals and
9 providing conferences for property tax State assessee
10 matters; provides the Board Members with the opportunity
11 for concurring and dissenting opinions; provides a
12 procedure to protect sensitive taxpayer information, if
13 the Board deems it necessary.

14 It provides for public disclosure of more
15 hearing documents at an earlier time than previously was
16 available and provides kind of a single source of
17 information on Board procedures for taxpayers, which
18 overall gives the entire Board procedures more
19 transparency. So, it's easy to see what all of the
20 steps of the process are.

21 And with that, we would -- we would like to --
22 we have asked the Board to -- we presented the Board
23 with some alternatives on the -- with respect to the
24 State assessee appeals process and we're looking for
25 some guidance as to how the Board would like us to
26 proceed.

27 We haven't taken the approved chapters to OAL
28 because the chapters are interconnected and

1 cross-referenced. So, they really need to go as a
2 single group at one time.

3 So, we would like to get some feedback on how
4 these rules should be -- should possibly be modified if
5 the Board is looking at that for next year. So, we were
6 hoping to be able to bring the entire new appeal rule
7 project to OAL sometime in March.

8 MS. YEE: Okay.

9 MS. STEEL: I would --

10 MS. YEE: Hang on one second, Ms. Steel, and
11 let me just interject for a moment.

12 For today's purposes, we are looking at
13 basically an overview and a status report?

14 MR. LAMBERT: Right.

15 MS. YEE: So, I do want to at least let the --
16 particularly Ms. Chu and Ms. Steel know that we want to
17 afford you every opportunity to be able to review the
18 rules that have already been before us and that there is
19 this Chapter 3 that is still before us, without formal
20 action having been taken yet.

21 The staff is seeking some guidance on it. And
22 I was not anticipating taking any formal action today.

23 MR. LAMBERT: Okay.

24 MS. YEE: Ms. Steel?

25 MS. STEEL: It's going to be a new property tax
26 appeals conference? Is that going to delay any
27 appearance before --

28 MR. LAMBERT: No. Actually this year we

1 implemented the appeals process -- the appeals
2 conference processes for virtually every appellant and
3 nothing was delayed. Nothing was delayed. Everything
4 happened in a timely manner.

5 Then there was a survey. The survey was taken
6 of the participants in the APPEALS conferences. That's
7 what's reflected in the -- in the status report that was
8 given to you with a couple of recommendations from the
9 staff.

10 MS. YEE: Ms. Chu?

11 MS. CHU: Well, I'd like to see both
12 alternatives brought back for us to choose later,
13 though, I think I would tend to favor Alternative 1
14 because it gives the greatest flexibility.

15 MR. LAMBERT: Okay.

16 MS. MANDEL: And just to let you know where the
17 Controller is, his view would be only at the option of
18 the taxpayer.

19 MR. LAMBERT: Okay.

20 MS. MANDEL: If the taxpayer wants one, okay.

21 MR. LAMBERT: Okay.

22 MS. MANDEL: But if the taxpayer doesn't want
23 one --

24 MS. YEE: Okay. Other comments?

25 Mr. Leonard?

26 MR. LEONARD: I'd ask that the survey and that
27 report be actually rewritten for March. Because I -- I
28 thought we could ask more people involved in -- that

1 were affected by the process from the -- if I remember
2 right, Appeals personnel weren't asked?

3 MR. GAU: David Gau, for the record.

4 That is correct. We asked Appeals. We also
5 did send it out to the taxpayer petitioners, the
6 representatives of the State assessees, so, we did
7 outside and did inside as well and asked Board staff
8 where appropriate, Board Member staff.

9 MR. LEONARD: We asked Appeals lawyers or did
10 not?

11 MR. GAU: Yes, we did.

12 MR. LEONARD: Okay, I didn't see --

13 MR. LAMBERT: Yes.

14 MR. LEONARD: -- feedback from there, I guess.

15 MR. GAU: It was -- it was probably, as far as
16 the status report, blended as Board staff response.
17 Representatives and then Board staff in those two
18 groupings.

19 MR. LEONARD: And other issue I wanted to
20 raise -- no action today, but have it up for discussion
21 and some policy comments from the staff is -- is to
22 give -- I would propose giving greater authority to
23 Appeals to make recommendations to the Board based on
24 the appeals conference.

25 A lot of what we got this year was a recitation
26 of facts. To the extent that the Appeals conference
27 holder drew some conclusions on it, I'd like them to
28 share with us. I think that would be helpful in making

1 our decisions.

2 MS. YEE: Okay.

3 MR. LAMBERT: Would you like us to, when we
4 bring this back, to actually flesh out a couple of these
5 alternatives with actual provisions or no?

6 Or come back and just rework it -- to some
7 extent just provide alternatives essentially in this
8 format?

9 MS. YEE: I would say probably the latter to
10 allow for full -- a more full discussion.

11 MR. LAMBERT: Okay.

12 MS. YEE: Okay. Any other questions or
13 comments?

14 Very good. Thank you very much.

15 ---o0o---

1 REPORTER'S CERTIFICATE.

2
3 State of California)
4) ss
5 County of Sacramento)
6

7 I, JULI PRICE JACKSON Hearing Reporter for the
8 California State Board of Equalization certify that on
9 FEBRUARY 1, 2007 I recorded verbatim, in shorthand, to
10 the best of my ability, the proceedings in the
11 above-entitled hearing; that I transcribed the shorthand
12 writing into typewriting; and that the preceding pages 1
13 through 8 constitute a complete and accurate
14 transcription of the shorthand writing.
15

16 Dated: February 16, 2007
17
18

19 _____
20 JULI PRICE JACKSON
21 Hearing Reporter
22
23
24
25
26
27
28